

**Monthly Operating Report
For the Period May 1, 2013 through May 31, 2013**

File with the Court and submit a copy to the United States Trustee within 20 days after the end of the month and submit a copy of the report to any official committee appointed in the case. (Reports for Rochester and Buffalo Divisions of Western District of New York are due 15 days after the end of the month, as are the reports for Southern District of New York.)

Required Documents	Document Attached	Explanation Attached
Schedule of Cash Receipts and Disbursements	Yes	
Bank Reconciliation (or copies of Debtor's bank reconciliations)		Yes
Copies of bank statements		Yes
Cash disbursements journals		Yes
Statement of Operations	N/A	
Balance Sheet	Yes	
Status of Post-Petition Taxes		Yes
Copies of IRS Form 6123 or payment receipt		Yes
Copies of tax returns filed during reporting period		Yes
Summary of Unpaid Post-petition Debts	Yes	
Listing of Aged Accounts Payable	Yes	
Accounts Receivable reconciliation and Aging	Yes	
Taxes Reconciliation and Aging		Yes
Payments to Insiders and Professionals		Yes
Post Petition Status of Secured Notes, Leases Payable		Yes
Debtor Questionnaire	Yes	

I declare under penalty of perjury (28 U.S.C. Section 1746) that this report and the attached documents are true and correct to the best of my knowledge and belief. This monthly operating report generally fulfills the requirements as set forth by the Office of the U.S. Trustee. The financial statements included herein do not necessarily conform with Generally Accepted Accounting Principles, and should be read in conjunction with the global notes and assumptions listed on page 2.


Charles Thresh (Joint Provisional Liquidator)

18/6/13

Date

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In Re:
Inverness Distribution Limited
Debtor

Chapter 11
Case Number: 11-15939 (SCC)

**GLOBAL NOTES AND STATEMENT OF LIMITATIONS, METHODOLOGY, AND DIS-
CLAIMER REGARDING THE MONTHLY OPERATING REPORT OF
INVERNESS DISTRIBUTION LIMITED**

The Monthly Operating Report filed by Inverness Distribution Limited (the "Debtor"), in this chapter 11 case is limited in scope, covers a limited time period and has been prepared by the Debtor with the assistance of its advisors solely for the purpose of complying with the reporting requirements of the Bankruptcy Court and title 11 of the United States Code (the "Bankruptcy Code"). The financial information contained in the Monthly Operating Report, is preliminary and unaudited, and as such may be subject to revision. The information in the Monthly Operating Report should not be viewed as indicative of future results.

The Debtor generates income through the exploitation of the intellectual property in various films in "Foreign Territories", i.e. those outside of the United States and Canada and their respective commonwealths, territories and possessions.

Under the terms of the distribution agreements, the Debtor receives amounts in relation to the exploitation of the intellectual property of the library of films in the Foreign Territories.

Since the Debtor was set up, it has acquired these rights from the producers of the films (primarily entities related to the Debtor such as Morgan Creek Productions, Inc. or special purpose vehicle production companies). The exploitation of the Debtor's rights then takes place via distribution agreements with third parties including Warner Bros., NBC Universal and Morgan Creek International B.V. (a connected entity).

The Debtor is an exempted company incorporated with limited liability under the laws of Bermuda. The Debtor was incorporated on June 30, 2003 and until its change of name on April 13, 2010 was registered as "Morgan Creek International Limited". By Order of the Supreme Court of Bermuda Michael Morrison and Charles Thresh were appointed Joint Provisional Liquidators ("JPLs") of the Debtor on February 28, 2011. The registered office of the Debtor was at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda. The JPLs amended the registered address of the entity shortly following their appointment to Crown House, 4 Par-la-Ville Road, Hamilton HM 08, Bermuda.

The Debtor has an authorized share capital of 12,000 shares with a par value of \$1.00 each.

In preparing this Monthly Operating Report, the Debtor relied upon bank statements, flows of funds and other relevant and available financial information for the period beginning on 02/28/11, which was the date the JPLs were appointed, through 05/31/13. While the debtor has exercised its best efforts to ensure the MOR is accurate, the initial balance sheet and accounts receivable ledger is based on information provided by the previous management of the debtor. The initial information has been amended to reflect those transactions which the debtor has conducted or been made aware of since the appointment of the liquidators on February 28, 2011, inadvertent omissions or errors may exist.

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In Re
Inveness Distribution Limited
Debtor

Chapter 11
Case Number: 11-15939 (SCC)

SCHEDULE OF RECEIPTS AND PAYMENTS
For the Period beginning May 1, 2013 and ending May 31, 2013.

	HSBC BDA *****501	SOC-GEN *****4411	SOC-GEN *****474	CITIBANK *****172	CITIBANK *****683	CURRENT MONTH \$	CUMULATIVE PETITION TO DATE \$
1 Funds at the beginning of the period	76,274.21	-	-	-	1,963,378.79	2,139,653.00 (a)	26,900.40 (b)
2 Receipts:							
A. Cash Sales	-	-	-	-	-	-	680,609.86
Minus: Cash Refunds	-	-	-	-	-	-	-
B. Accounts Receivable	-	9,752.97	-	-	9,752.97	9,752.97	3,686,856.73
C. Other Receipts	-	-	164,435.00	-	164,435.00	164,435.00	960,796.09
D. Transfers	-	-	(164,405.00)	-	164,405.00	-	-
3 Total Receipts (Lines 2A + 2B + 2C)	-	9,752.97	30.00	-	164,405.00	174,187.97	5,338,262.70
4 Total funds available for operations (Line 1 + Line 3)	76,274.21	9,752.97	30.00	-	2,127,783.79	2,213,840.97	5,355,163.10
5 Disbursements:							
A. Advertising	-	-	-	-	-	-	(9,388.00)
B. Bank Charges	(25.00)	(217.27)	(30.00)	-	(272.27)	(272.27)	(1,878.15)
C. Inventory payments (Servicing of Library and Debt Collection)	-	-	-	-	(1,626.17)	(1,626.17)	(208,020.82)
D. Contract Labor	-	-	-	-	-	-	-
E. Insurance	-	-	-	-	-	-	-
F. Leases	-	-	-	-	-	-	-
G. Professional Services (Accounting & Legal)	-	-	-	-	(103.74)	(103.74)	(2,891,537.34) (d)
H. Secured Creditor Payments (See Page 8)	-	-	-	-	-	-	-
I. Taxes	-	-	-	-	-	-	-
J. U.S. Trustee Quarterly Fees	(1,950.00)	-	-	-	(1,950.00)	(1,950.00)	(18,850.00)
K. Other Operating Expenses	-	-	-	-	(1,200.00)	(1,200.00)	(16,800.00)
6 Total Payments (Sum of 5A thru K)	(1,975.00)	(217.27)	(30.00)	-	(2,929.91)	(5,152.18)	(3,146,474.31)
7 Ending Balance (Line 4 minus Line 6)	74,299.21	9,535.70	-	-	2,124,853.88	2,208,688.79 (c)	2,208,688.79 (c)
8 Total Disbursements							(6,392.18)
Less: Transfers to other Debtor in Possession Accounts							-
Plus: Estate Disbursements made by Outside Sources (i.e. escrow accounts)							-
Total Disbursements for calculating U.S. Trustee Quarterly Fees							(6,392.18)

(a) This number is carried forward from last month's report. For the first report only, this number will be the balance as of the petition date.

(b) This figure will not change from month to month. It is always the amount of funds on hand as of the date of the petition.

(c) These two amounts will always be the same if form is completed correctly.

(d) Includes amounts paid to counsel for the Debtor's DIP agent and DIP lenders pursuant to the order entered by the Bankruptcy Court approving the Debtor's DIP facility and use of cash collateral.

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In Re:
Inverness Distribution Limited
Debtor

Chapter 11
Case Number: 11-15939 (SCC)

**DEBTOR'S STATEMENTS WITH RESPECT TO BANK ACCOUNT RECONCILIATIONS
AND COPIES OF BANK STATEMENTS**

Bank Account Reconciliations

The Debtor, by and through the JPLs, affirms that reconciliations for all open and active bank accounts are prepared and maintained by the JPLs on behalf of the Debtor.

Bank account reconciliations are provided in this monthly operating report, as part of the Schedule of Receipts and Payments.

Bank Statements

The Debtor, by and through the JPLs affirms that bank statements for all open and active bank accounts are maintained by the JPLs on behalf of the Debtor.

Copies of bank statements for the period covered by this Monthly Operating Report are not attached to this Monthly Operating Report as filed on the Debtor's chapter 11 case docket. However, copies of bank statements for the period covered by this Monthly Operating Report will be delivered to the U.S. Trustee along with a copy of this Report.

There are no deposits in transit or cheques outstanding.

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In Re:
Inverness Distribution Limited
Debtor

Chapter 11
Case Number: 11-15939 (SCC)

CASH DISBURSEMENTS JOURNAL

For the Period May 1, 2013 through May 31, 2013

<u>Date</u>	<u>Description</u>	<u>Amount \$</u>
05/01/2013	Bank Charges	(0.01)
05/06/2013	Bank Charges	10.00
05/16/2013	Wire Transfer	30.00
05/16/2013	Bank Charges	217.28
05/20/2013	Bank Charges	15.00
05/21/2013	Protocol International	1,000.00
05/21/2013	Protocol International	626.17
05/14/2013	Sheppard Mullin	103.74
05/20/2013	U.S. Trustee Quarterly Fees	1,950.00
05/30/2013	FilmTrack	1,200.00
TOTAL		\$ 5,152.18

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In Re:
Inverness Distribution Limited
Debtor

Chapter 11
Case Number: 11-15939 (SCC)

BALANCE SHEET
As at May 31, 2013

ASSETS	\$
Cash	2,208,689
Accounts Receivable	638,492
Due from Affiliates	Undetermined
Film Library Value	Undetermined
TOTAL ASSETS	\$ 2,847,181 *
LIABILITIES AND STOCKHOLDER'S DEFICIT	
Accounts Payable and Accrued Expenses	8,286,439
Senior term loan	77,245,244
Due to affiliates	Undetermined
TOTAL LIABILITIES	\$ 85,531,683 *
STOCKHOLDER'S DEFICIT	
Common Stock: 10,000 \$1 par value shares authorized, issued and outstanding	12,000
Accumulated deficit	Undetermined
TOTAL STOCKHOLDER'S DEFICIT	\$ 12,000 *
TOTAL LIABILITIES AND STOCKHOLDER'S DEFICIT	\$ 85,543,683 *

Note: Accounts Payable and Accrued Expenses include unpaid fees owed for the period from May 1 to May 31, 2013.

* Subject to undetermined items.

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

In Re:
Inverness Distribution Limited
Debtor

Chapter 11
Case Number: 11-15939 (SCC)

STATUS OF POST-PETITION TAXES

COPIES OF IRS FORM 6123 OR PAYMENT RECEIPT

COPIES OF TAX RETURNS FILED DURING REPORTING PERIOD

The Debtor is an exempted company incorporated with limited liability under the laws of Bermuda.

As a company organized under the laws of Bermuda, the Debtor is not subject to taxation in Bermuda, as Bermuda does not impose any form of taxation on receipts, dividends, capital gains or net income. In the event that such taxes are levied, the Debtor has received an assurance from the Bermuda Government to be exempted from all such taxes until 28 March 2016.

Accordingly, the Debtor is not required to file any tax returns in the United States as it is a Bermuda registered company.

Chapter 11
Case Number 11-15939 (SCC)

<u>Date Incurred</u>	<u>Vendor</u>	<u>Description</u>	<u>\$</u>
Apr 1 - Apr 30	ASW	Fees and Disbursements	1,500.00
Apr 1 - Apr 30	Hogan Lovells	Fees and Disbursements	8,219.00
Apr 1 - Apr 30	KPMG Advisory Limited	Liquidators Fees and Disbursements	5,741.60
May 1 - May 31	ASW	Fees and Disbursements	70.00
May 1 - May 31	Hogan Lovells	Fees and Disbursements	7,068.20
May 1 - May 31	KPMG Advisory Limited	Liquidators Fees and Disbursements	3,873.50
June 1 - June 30	ASW	Fees and Disbursements	1,120.00
June 1 - June 30	Hogan Lovells	Fees and Disbursements	4,689.04
June 1 - June 30	KPMG Advisory Limited	Liquidators Fees and Disbursements	7,281.70
July 1 - July 31	ASW	Fees and Disbursements	3,059.50
July 1 - July 31	Hogan Lovells	Fees and Disbursements	8,149.79
July 1 - July 31	KPMG Advisory Limited	Liquidators Fees and Disbursements	5,990.90
August 1 - August 31	ASW	Fees and Disbursements	140.00
August 1 - August 31	Hogan Lovells	Fees and Disbursements	8,264.70
August 1 - August 31	KPMG Advisory Limited	Liquidators Fees and Disbursements	4,382.60
September 1 - September 30	Hogan Lovells	Fees and Disbursements	9,990.00
September 1 - September 30	KPMG Advisory Limited	Liquidators Fees and Disbursements	3,023.90
October 1 - October 31	ASW	Fees and Disbursements	1,116.00
October 1 - October 31	Hogan Lovells	Fees and Disbursements	3,111.60
October 1 - October 31	KPMG Advisory Limited	Liquidators Fees and Disbursements	47,183.28
November 1 - November 30	ASW	Fees and Disbursements	2,643.00
November 1 - November 30	Hogan Lovells	Fees and Disbursements	6,306.95
November 1 - November 30	KPMG Advisory Limited	Liquidators Fees and Disbursements	51,157.25
December 1 - December 31	Hogan Lovells	Fees and Disbursements	41,380.68
December 1 - December 31	KPMG Advisory Limited	Liquidators Fees and Disbursements	32,008.88
January 1 - January 31	ASW	Fees and Disbursements	840.00
January 1 - January 31	Hogan Lovells	Fees and Disbursements	72,900.80
January 1 - January 31	KPMG Advisory Limited	Liquidators Fees and Disbursements	57,449.69
February 1 - February 28	ASW	Fees and Disbursements	350.00
February 1 - February 28	Hogan Lovells	Fees and Disbursements	68,610.92
February 1 - February 28	KPMG Advisory Limited	Liquidators Fees and Disbursements	92,161.25
March 1 - March 31	ASW	Fees and Disbursements	280.00
March 1 - March 31	Hogan Lovells	Fees and Disbursements	102,876.00
March 1 - March 31	Katten Muchin Rosenman LLP	Fees and Disbursements	142,569.46
March 1 - March 31	KPMG Advisory Limited	Liquidators Fees and Disbursements	82,513.75
April 1 - April 30	ASW	Fees and Disbursements	280.00
April 1 - April 30	Hogan Lovells	Fees and Disbursements	67,834.00
April 1 - April 30	Katten Muchin Rosenman LLP	Fees and Disbursements	79,077.00
April 1 - April 30	KPMG Advisory Limited	Liquidators Fees and Disbursements	105,491.38
April 1 - April 30	Sheppard Mullin	Fees and Disbursements	-
May 1 - May 31	ASW	Fees and Disbursements	1,286.00
May 1 - May 31	Hogan Lovells	Fees and Disbursements	94,321.20
May 1 - May 31	Katten Muchin Rosenman LLP	Fees and Disbursements	67,769.00
May 1 - May 31	KPMG Advisory Limited	Liquidators Fees and Disbursements	101,513.00

Total Amount	1,404,994.99 (b)
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Opening Balance	1,058,455.21	(n)
PLUS: New Indebtedness Incurred This Month	343,966.20	
MINUS: Amount Paid on Post Petition, Accounts Payable This Month	(103.74)	
PLUS/MINUS Adjustments	2,677.32	(e)
Ending MONTH Balance	1,404,994.99	(c)

List the status of Payments to Secured Creditors and Lessors (Post Petition Only) If you have entered into a modification agreement with a secured creditor/lessor, consult with your attorney and the United State Trustee Program prior to completing this section

<u>Secured Creditor</u>	<u>Date Payment Due this month</u>	<u>Amount Paid This Month</u>	<u>Number of Post Petition Payments Delinquent</u>	<u>Total Amount of Post Petition Payments Delinquent</u>
TOTAL		- (d)		

TOTAL

(a) This number is carried forward from last month's report. For the first report only, this number will be zero.

(b, c) The total of line (b) must equal line (c)

(d) This number is reported in the "Current Month" column of Schedule of Receipts and Disbursements (Page 3, Line 51f)

(e) Sheppard Mullin fee estimates have been adjusted to the actual invoiced amount for the period from February 1, 2013 to February 28, 2013.

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In Re:
Inverness Distribution Limited
Debtor

Chapter 11
Case Number: 11-15939 (SCC)

ACCOUNTS RECEIVABLE RECONCILIATION AND AGEING

ACCOUNTS RECEIVABLE PER SERVICING THE LIBRARY & SALE OF DISTRIBUTION RIGHTS DUE:	\$
- Materials	\$5,591.25
- Sale of Distribution Rights	\$0.00
	<u>\$5,591.25</u>
ACCOUNTS RECEIVABLE PER MORGAN CREEK PRODUCTIONS DUE:	\$1,118,563.63
Less: Post Petition Date	<u>(485,662.50) (c)</u>
	<u>\$632,901.13</u>
TOTAL ACCOUNTS RECEIVABLE AT MAY 31, 2013:	<u><u>638,492.38</u></u>

ACCOUNTS RECEIVABLE RECONCILIATION

(include all receivable, pre-petition and post petition, including charge card sales which have not been received):

Beginning of Month Balance	\$
	<u>648,549.13 (a)</u>
PLUS: Current Month New Billings	-
MINUS: Collection During the Month	<u>(9,752.97) (b)</u>
MINUS: Loss on Foreign Exchange on Collection During Month	<u>(303.78)</u>
PLUS/MINUS: Adjustments, Write-offs and Withholding Tax	<u>- *</u>
Ending MONTH Balance	<u><u>638,492.38</u></u>

* For any adjustments or Write-offs provide explanation and supporting documentation, if applicable

POST PETITION ACCOUNTS RECEIVABLE AGING

(Show the total for each aging category for all accounts receivable)

<u>0 - 30 Days</u>	<u>31 - 60 Days</u>	<u>61 - 90 Days</u>	<u>Over 90 Days</u>	<u>Total \$</u>
	-	-	<u>8,500</u>	<u>8,500</u>

For any receivables in the "Over 90 Days" category, please provide the following:

<u>Receivable Date</u>	<u>Status (Collection efforts taken, estimate of collectability, write-off, disputed account, etc.)</u>
<u>Caracol</u>	<u>March 27, 2012</u>
	<u>Followed up with Debtor.</u>

(a) This number is carried forward from last month's report.

(b) This must equal the number reported in the " Current Month" column of Schedule of Receipts and Disbursements (Page 3, Line 2B).

(c) Accounts Receivables only due post the petition date - December 30, 2011.

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

In Re:
Inverness Distribution Limited
Debtor

Chapter 11
Case Number: 11-15939 (SCC)

TAXES RECONCILIATION AND AGEING

The Debtor is an exempted company incorporated with limited liability under the laws of Bermuda.

As a company organized under the laws of Bermuda, the Debtor is not subject to taxation in Bermuda, as Bermuda does not impose any form of taxation on receipts, dividends, capital gains or net income. In the event that such taxes are levied, the Debtor has received an assurance from the Bermuda Government to be exempted from all such taxes until 28 March 2016.

Accordingly, the Debtor is not required to file any tax returns in the United States or Bermuda.

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

In Re:
Inverness Distribution Limited
Debtor

Chapter 11
Case Number: 11-15939 (SCC)

**DEBTOR'S STATEMENTS WITH RESPECT TO PAYMENTS TO INSIDERS AND PRO-
FESSIONALS RETAINED IN THE DEBTOR'S CHAPTER 11 CASE**

The Debtor has not made any payments to insiders or professionals during the reporting period.

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

In Re:
Inverness Distribution Limited
Debtor

Chapter 11
Case Number: 11-15939 (SCC)

POST PETITION STATUS OF SECURED NOTES, LEASE PAYABLE

As at May 31, 2013, the Debtor had no Secured Notes or Leases Payable in existence.

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In Re:
Inverness Distribution Limited
Debtor

Chapter 11
Case Number: 11-15939 (SCC)

DEBTOR QUESTIONNAIRE

Must be completed each month. If the answer to any of the questions is "Yes", provide a detailed explanation of each item. Attach additional sheets if necessary.		Yes	No
1	Have any assets been sold or transferred outside the normal course of business this reporting period?		X
2	Have any funds been disbursed from any account other than a debtor in possession account this reporting period?		X
3	Is the Debtor delinquent in the timely filing of any post-petition tax returns?		X
4	Are workers compensation, general liability or other necessary insurance coverages expired or cancelled, or has the debtor received notice of expiration or cancellation of such policies?		X
5	Is the Debtor delinquent in paying any insurance premium payment?		X
6	Have any payments been made on pre-petition liabilities this reporting period?		X
7	Are any post-petition receivables (accounts, notes or loans) due from related parties?		X
8	Are any post-petition payroll taxes past due?		X
9	Are any post-petition State or Federal income taxes past due?		X
10	Are any post-petition real estate taxes past due?		X
11	Are any other post-petition taxes past due?		X
12	Have any pre-petition taxes been paid during this reporting period?		X
13	Are any amounts owed to post-petition creditors delinquent?		X
14	Are any wage payments past due?		X
15	Have any post-petition loans been received by the Debtor from any party? *		X
16	Is the Debtor delinquent in paying any U.S. Trustee fees?		X
17	Is the Debtor delinquent with any court ordered payments to attorneys or other professionals?		X
18	Have the owners or shareholders received any compensation outside of the normal course of business?		X

* The Bankruptcy Court has entered an order authorizing the Debtor to incur post petition financing. However, the Debtor has not to date, borrowed any funds under its approved DIP facility.